

AMENDED IN ASSEMBLY APRIL 2, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 662**

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**Introduced by Assembly Member Hagman**

February 25, 2009

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An act to add Section 8880.64.1 to the Government Code, relating to the California State Lottery, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 662, as amended, Hagman. California State Lottery: ~~construction.~~  
*construction: salary reductions.*

The California State Lottery Act of 1984, enacted by initiative, authorizes a California State Lottery and provides for its operation and administration by the California State Lottery Commission and the Director of the California State Lottery, with certain limitations. The act requires that not less than 84% of the total annual revenues from the sale of state lottery tickets be returned to the public in the form of prizes and net revenues to benefit public education, and that no more than 16% of the total annual revenues be used for the payment of expenses of the lottery. The act provides that expenses of the lottery include all costs incurred in the operation and administration of the lottery and all costs resulting from any contracts entered into for the purchase or lease of goods and services required by the lottery.

This bill would make legislative findings regarding the proposed construction of a new lottery complex estimated to cost \$185,000,000. The bill would prohibit the commission from proceeding with the construction of the California State Lottery Complex project, or any similar project, and would authorize the use of up to \$40,000,000 for

the renovation of any existing building used by the commission for lottery operations. The bill would require the commission to allocate for the benefit of public education the difference between \$185,000,000 and the amount expended for renovation pursuant to these provisions.

*The bill would require that administrative funds saved by the imposition of any salary reductions on lottery employees be used only for providing services or benefits for those lottery employees, or for advertising or other marketing activities.*

The California State Lottery Act of 1984, an initiative measure, specifies that none of its provisions may be changed except to further its purpose by a bill passed by a  $\frac{2}{3}$  vote of each house of the Legislature and signed by the Governor.

This bill would declare that it furthers the purpose of the act and would require a  $\frac{2}{3}$  vote.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 8880.64.1 is added to the Government
- 2 Code, to read:
- 3 8880.64.1. (a) The Legislature finds and declares that the
- 4 commission's decision to construct a new lottery complex
- 5 estimated to cost one hundred eighty-five million dollars
- 6 (\$185,000,000) is not an effective use of lottery proceeds, and that
- 7 most of the funds proposed for that project should be used to
- 8 benefit public education.
- 9 (b) Notwithstanding Section 8880.64 or any other provision of
- 10 this chapter, the commission shall not proceed with the construction
- 11 of the California State Lottery Complex project addressed in the
- 12 Mitigated Negative Declaration, Findings, and Mitigated
- 13 Monitoring and Reporting Program approved by the commission
- 14 on January 28, 2009, or any similar project.
- 15 (c) In lieu of constructing the project specified in subdivision
- 16 (b), the commission may authorize the use of up to forty million
- 17 dollars (\$40,000,000) for the renovation of any existing building
- 18 used by the commission for lottery operations.

1 (d) The commission shall allocate for the benefit of public  
2 education the difference between one hundred eighty-five million  
3 dollars (\$185,000,000) and the amount expended for renovation  
4 pursuant to subdivision (c). The amount allocated for the benefit  
5 of public education under this subdivision shall be in addition to  
6 the amount of total annual revenues required to be allocated for  
7 the benefit of public education pursuant to Section 8880.4.

8 (e) *Administrative funds saved by the imposition of any salary*  
9 *reductions on lottery employees shall be used only for either or*  
10 *both of the following purposes:*

11 (1) *Providing services or benefits for lottery employees whose*  
12 *salaries have been reduced.*

13 (2) *Advertising or other marketing activities.*

14 SEC. 2. The Legislature finds and declares that this act furthers  
15 the purpose of the California State Lottery Act of 1984, enacted  
16 by Proposition 37 at the November 6, 1984, general election.

17 SEC. 3. This act is an urgency statute necessary for the  
18 immediate preservation of the public peace, health, or safety within  
19 the meaning of Article IV of the Constitution and shall go into  
20 immediate effect. The facts constituting the necessity are:

21 In order to ensure that appropriate revenues from the California  
22 State Lottery are used to benefit public education at the earliest  
23 possible time, it is necessary that this act take effect immediately.